

CITY OF NEW YORK

MANHATTAN COMMUNITY BOARD NO. 4
330 WEST 42ND STREET • NEW YORK, N.Y. 10036
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Handwritten signature and date: 12/18/97

PAMELA FREDERICK

CHAIR

JESSICA GREER

DISTRICT MANAGER

December 4, 1997

Cynthia Johnson, Director
US Department of the Treasury
Cash Management Policy and Planning Division
401 14th Street, Room 420 SW
Washington, DC 20227

Re: Electronic Funds Transfer (EFT)

Dear Ms. Johnson:

Manhattan Community Board No. 4 has many concerns about the proposed EFT '99 which would require nearly all recipients of Federal benefit to receive payments by Electronic Funds Transfer beginning January 2, 1999.

There would be waivers if recipients certify that payment by EFT would impose a hardship due to physical disability or geographic barrier but none for mental disability, illiteracy, or language problems. Many persons have a strong fear of banks, particularly seniors who have not forgotten the "Great Depression." Despite safeguards today, many still fear that banks can fail. The Savings and Loans has not assured them. The EFT '99 proposal stresses the improved safety of EFT's but little is said about how privacy and security of EFT's would be insured. How secure can electronic transfers be when the media has shown that "hackers" have been able to infiltrate even government agency files?

For your proposal to work, there must be a massive educational campaign on how to set up, handle and protect bank accounts. The ten million unbanked must be taught in simple language (and in their first language) what all of this would mean.

Imposition of even "reasonable fees," which would be determined by the banks, is simply outrageous. Banks will harvest tremendous savings as it costs considerably less to process electronic transfers than to process checks. (Will the banks also be paid by treasury to handle these new accounts?) In addition to savings the banks will have an enormous increase of funds on deposit from the estimated increase of ten million new accounts from those presently unbanked.

Handwritten note: EFT #170

Ms. Cynthia Johnson

December 4, 1997

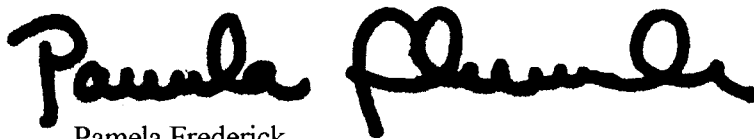
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We do not believe there is any justification for imposing fees to recipients. Many recipients whose savings have been exhausted and are barely surviving now.

At the October 20, 1997 hearing in Manhattan, it was stressed that payment problems could be corrected in twenty-four to forty-eight hours. It now takes two weeks or more to issue a replacement for lost checks.

Our experience has been that getting through to social security offices by phone is extremely difficult, time consuming and frustrating. If, as your Manhattan Social Security representative states, your telephone lines are now swamped, what can we expect in the future especially during the start up of EFT '99?

Sincerely,



Pamela Frederick
Chair

Community Board No. 4



Katharine Roberts
Chair

Human Services Committee

cc: Hon. Bill Clinton, President of the United States
Hon. Alfonse D'Amato, United States Senator
Hon. Daniel P. Moynihan, United States Senator
Hon. Rudolph Giuliani, Mayor
Hon. Ruth Messinger, Borough President
Hon. Jerrold Nadler, United States Representative
Hon. Catherine Abate, State Senator
Hon. Franz Leichter, State Senator
Hon. Deborah Glick, State Assemblymember
Hon. Richard Gottfried, State Assemblymember
Hon. Scott Stringer, State Assemblymember
Hon. Tom Duane, City Councilmember
Hon. Ronnie Eldridge, City Councilmember
Hon. Carolyn B. Maloney, Congresswoman